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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
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INDOCHINA

The conflict in Indochina, now in its seventh year, is still a stalemate. There is no prospect of an early military decision for the French Union forces -- or for the Communist-led Viet Minh, barring large scale intervention by Communist China.

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There are strong indications that a new Viet Minh offensive will begin shortly.

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The deepest roots of the Indochina problem are political -- the people remain largely apathetic -- and substantial progress towards a solution of the political, as well as the military, problem seems to be necessary for an advance toward any significant or lasting victory over Communism in that country. It is difficult to overestimate the magnitude of the problem of reconciling the nationalist aspirations of the native people with present French policies.

The question is often argued as to which should (or must) come first, new military victories or an improvement in the political situation. It is the view of this Agency that each is indispensable and that the two are inseparable -- they must both be furthered simultaneously.

Tonkin, the northern province of Vietnam, is the area of major military activity, but there is sporadic guerrilla fighting throughout the rest of Vietnam and in the other Indochinese states of Laos and Cambodia. Even within the so called French defense perimeter around the Tonkin Delta there is continual fighting. Viet Minh forces, both regular and guerrilla, within this area currently number about 40,000 and pin down a significant portion of the French Union troops in northern Vietnam. Additional Viet Minh forces infiltrate the area quite freely.

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The war in Indochina imposes a very heavy burden on France. It has suffered 90,000 casualties from 1945 to October 1952, and losses since then may have brought the figure over 100,000. Moreover, 26 percent of its officer corps and 37 percent of its noncommissioned officer corps is in Indochina. The French claim that officer casualties annually exceeds the number of St. Cyr graduates. From the financial standpoint Indochina accounts for a billion and a quarter dollars of the total French military budget of four billion dollars. American aid for the 1953 military effort in Indochina is expected to reach 777 million dollars. The French claim that the Indochina war has cost them over four billion dollars since 1945. For comparison, the total post-war American aid to France is about seven billion dollars.

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The Viet Minh has been receiving aid from Communist China since early 1951. This assistance has included the training of whole units in China and Tonkin, the assignment of several thousand technical and military advisers and the supplying of a wide variety of military material.

The French have long asserted that there is the need for a strong native army to offset their lack of manpower. Plans for the creation of a native army were first discussed almost five years ago. Since then, however, the French have moved haltingly. They have been particularly slow in training native officers. At present, the Vietnam National Army consists of 60 battalions (58,000 men), large numbers of which were transferred from the regular French forces.

Recently, French and Vietnamese officials agreed to increase the army by 54 light battalions (40,000 men) by the end of this year. Lack of fighting spirit among the rank and file and a strong aversion among many educated Vietnamese to serve as officers in what they consider to be a puppet army suggest that the army's capabilities will not necessarily increase in proportion to its numerical growth. The French may view this army apprehensively because it might eventually oppose French authority.

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French failure to speed development of the army may also stem from the fear that it might provoke larger Chinese Communist participation in the war.

In the political field, the Vietnamese feel that their present status falls far short of real independence, and there is no further step planned by the French to satisfy such Vietnamese criticism. The Vietnam Government's international status is that of "independence within the French Union," but the French have final authority in military matters, a veto power over decisions affecting their economic interests and certain special commercial and individual privileges. No Asian state except Thailand has established diplomatic relations with Vietnam.

The Vietnamese are strongly resentful of French authority and influence, and suspicious of their own government, which they consider composed largely of pro-French puppets.

The French, on their side, argue that if further political concessions were granted the Vietnamese, their National Assembly would then refuse to continue support of the war. They feel that France's sacrifices must be compensated for by certain long-term special privileges in Indochina.

In this stalemated political and military situation, the current French course appears to prolong the status quo until the threat from the Viet Minh and from Communist China has been dispelled by some over-all settlement in the Far East.

Indochina has a vital strategic position in the Far East. It is generally assumed that the fall of Indochina to Communism would shortly be followed by the collapse of the rest of Southeast Asia. This consideration underlines the critical importance of the outcome of the conflict to food deficit countries like India and Japan. For example, in 1952, almost one-half of Japan's import of rice (996,000 metric tons) was from Thailand and Burma.

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